REMARKS

Claims 1, 2, 4-10, 12, 13, 15, 20, and 25 are all the claims presently pending in the application. Applicant has canceled claim 3 without prejudice or disclaimer. Applicant has amended claims 1, 13, and 20 to define the claimed invention more particularly.

It is noted that the claim amendments are made only for more particularly pointing out the invention, and not for distinguishing the invention over the prior art, narrowing the claims or for any statutory requirements of patentability. Further, Applicants specifically state that no amendment to any claim herein should be construed as a disclaimer of any interest in or right to an equivalent of any element or feature of the amended claim.

Claims 1-10, 12, 13, 15, 20, and 25 stand rejected under 35 U.S.C. §101 as being directed to nonstatutory subject matter. Claims 1, 2, 6-10, 12, and 13 stand rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over Ausubel (U.S. Patent No. 5,905,975) in view of Wellman (U. S. Patent No. 6,952,682), Hambrecht et al. (U. S. Patent No. 6,629,082), and Macready, et al. (U.S. Publication No. 2002/0016759; hereinafter "Macready"). Claims 3-5 stand rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over Ausubel, Wellman, Hambrecht, Macready, and further in view of McAfee, et al. (U.S. Patent No. 6,718,312 B1; hereinafter "McAfee") (Applicant **again** notes that the Examiner did not include Macready in this rejection on page 10 of the Office Action, but since claim 1 was rejected based on a combination of references which included Macready, then a rejection of claims 3-5 which depend (directly or indirectly) from claim 1 would likely include Macready. Applicant previously pointed this out to the Examiner.) Claim 25 stands rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over Ausubel, Wellman,

Hambrecht, Macready, and further in view of McAfee. Claim 15 stands rejected under 35

U.S.C. § 103(a) as being allegedly unpatentable over Ausubel, Wellman, Hambrecht and

McAfee, Macready, and further in view of Official Notice (Applicant **again** notes that the

Examiner did not include Hambrecht in this rejection on page 14 of the Office Action, but

since claim 1 was rejected based on a combination of references which included Hambrecht,

then a rejection of claim 15 which depends from claim 1 would likely include Hambrecht.

Applicant previously pointed this out to the Examiner. In addition, the Examiner appears to

refer to limitation of claim 15 as AAPA, but Applicant has clearly indicated to the Examiner

that this feature is not admitted by Applicant to be prior art). Claim 20 stands rejected under

35 U.S.C. § 103(a) as being unpatentable over Ausubel, Wellman, Hambrecht McAfee and

Macready, and further in view of Official Notice (Applicant again notes that the Examiner

appears to refer to limitation of claim 15 as AAPA, but Applicant has clearly indicated to the

Examiner that this feature is not admitted by Applicant to be prior art).

Applicant respectfully traverses these rejections in the following discussion.

I.   THE CLAIMED INVENTION

An exemplary aspect of the claimed invention (e.g., as recited in claim 1) is directed

to a computer implemented method for an auction including establishing an auction system

which is accessible via a network, and performs an auction for a plurality of items including a

first item and a second item which is different than the first item, and generating by using a

processor, a web page including a user interface for entering a plurality of bids in the auction,

the user interface displaying: an area for adding the plurality of bids, an area for adding a

plurality of conditions associated with the plurality of items including a budget condition, a

maximum quantity condition, a minimum quantity condition and a precedence condition and

a linear condition, an area for editing the plurality of conditions, a bid table for displaying the

plurality of bids, and a plurality of areas for displaying the plurality of conditions. The

method also includes receiving a plurality of bids which are added by a bidder using the user

interface, the received plurality of bids including a bid for the first item and a bid for the

second item, and receiving a plurality of conditions which are added by a bidder using the

user interface, the received plurality of conditions including a condition associated with the

first item, a condition associated with the second item, and a condition associated with a set

of items including the first item and the second item, displaying the received plurality of bids

in the bid table and displaying the received plurality of conditions in the plurality of areas for

displaying the plurality of conditions on the user interface, generating a plurality of proposals

for the bidder, a proposal in the plurality of proposals including a set of bids in the received

plurality of bids that satisfies the received plurality of conditions, formulating a winner

determination problem as an integer program, and solving the integer program to determine

whether the generated plurality of proposals are included in a winning solution to the integer

program, and displaying on an other user interface a table identifying the generated plurality

of proposals and indicating whether the generated plurality of proposals are rejected by the

bidder, and displaying a status of the received plurality of bids in the bid table based on a

result of the solving of the integer program.

Importantly, the received plurality of conditions includes a first condition and a

second condition which is different from the first condition, and the plurality of items

includes plural sets of items including a first set of items subject to the first condition and a second set of items which is different from the first set of items and is subject to the second condition , and the plurality of conditions characterize combinations of bids from the bidder for desired items within the auction system (Application at Figure 2a). These features may enable auction participants to specify a condition that describes or characterizes an item or a combination of items that they wish to win or sell, and allow a bidder to edit such a condition.

II.   THE STATUTORY SUBJECT MATTER REJECTION

The Examiner has rejected claims 1-10, 12, 13, 15, 20, and 25 as being directed to non-statutory subject matter.

While Applicant disagrees with the Examiner's position, merely in an effort to speed prosecution, Applicant has amended the claims as suggested by the Examiner.

That is, Applicant has amended claims 1 and 20 to tie the features "generating a plurality of proposals" and "formulating a winner" to an apparatus (e.g., a computer processor). Additionally, Applicant has amended claim 13 to recite "A non-transitory programmable storage medium."

Accordingly, Applicant respectfully requests the Examiner to reconsider and withdraw this rejection.

III.   THE PRIOR ART REFERENCES

A.   Ausubel, Wellman, Hambrecht and Macready

The Examiner alleges that one of ordinary skill in the art would have combined

Ausubel with Wellman, Macready, and Hambrecht to form the invention of claims 1, 2, 6-10,

12, and 13.

Applicant has incorporated the subject matter of dependent claim 3 into the

independent claims, thus rendering this rejection moot.

B.   McAfee

The Examiner alleges that one of ordinary skill in the art would have combined

Ausubel with Wellman, Hambrecht, Macready and McAfee to teach the claimed invention of

claims 3-5 and 25. Applicant submits, however, that the Examiner has failed to establish a

prima facie case of obviousness.

Applicant maintains the position previously set forth on the record.

That is, the alleged combination of references does not teach or suggest, "*wherein the*

received plurality of conditions comprises a first condition and a second condition which is

different from the first condition, and the plurality of items comprises plural sets of items

including a first set of items subject to the first condition and a second set of items which is

different from the first set of items and is subject to the second condition", as recited in claim

1 and similarly recited in claims 13 and 20 (Application at Figure 2a).   As noted above, these

features may enable auction participants to specify a condition that describes or characterizes

an item or a combination of items that they wish to win or sell, and allow a bidder to edit

such a condition.

For example, Figure 2a illustrates an exemplary aspect of the claimed invention in which a first set of items including items 1, 2 and 3 are subject to a budget constraint of "120", and a second set of items including items 1, 2, 3 and 4 (i.e., different than the first set of items) is subject to a minimum quantity constraint (i.e., different than the budget constraint) of "2".

Clearly, these features are not taught or suggested by Ausubel.

Ausubel simply teaches that Bidder's computer may include "a typical user interface such as a keyboard and display" (Ausubel at col. 6, lines 26-28), and that the user interface is "coupled to a communication interface" (Ausubel at col. 8, lines 2-3), and sending a final message containing the results of the auction (Ausubel at col. 3, lines 59-61).

The Examiner attempts to support his position by stating that "the ordinary practitioner would have seen it as obvious from Ausubel's disclosure that, wherein said first set of items is subject to a first condition and said second set of items is subject to a second condition which is different from said first condition because items which differ from each other are likely to have different value". This is nonsense. There are <u>millions</u> of items for sale to the consumer today which differ greatly from each other but are all priced the same. For example, a gallon of gas and a gallon of milk may each cost $3.00. That is, <u>it cannot be said that items which differ from each other are likely to have different value.</u>

That is, nowhere does Ausubel teach or suggest <u>that a received plurality of conditions</u> <u>includes a first condition and a second condition which is different from the first condition,</u> <u>and the plurality of items includes plural sets of items including a first set of items subject to</u>

the first condition and a second set of items which is different from the first set of items and is subject to the second condition, as in the claimed invention.

Likewise, Wellman does not teach or suggest these features.

In fact, Wellman simply teaches seller input screen 200 and buyer input screen 300. The input screen 300 allows a buyer to input a set of predefined attributes and specify a nominal set of values for the predefined attributes (Wellman at col. 5, lines 42-60). Further, Wellman teaches in col. 13, lines 34-41 that in step 1004 "each matched pair of seller and buyer is notified of the match as well as the matched values of the attributes".

That is, like Ausubel, nowhere does Wellman teach or suggest that a received plurality of conditions includes a first condition and a second condition which is different from the first condition, and the plurality of items includes plural sets of items including a first set of items subject to the first condition and a second set of items which is different from the first set of items and is subject to the second condition, as in the claimed invention.

Likewise, Hambrecht does not teach or suggest these features.

Indeed, Hambrecht simply teaches an auction system and that when an auction period opens, qualified investors may submit bids, and that bid sheets on a web page can be accessed only with a password (Hambrecht at col. 10, lines 8-12).

That is, like Ausubel and Wellman, nowhere does Hambrecht teach or suggest that a received plurality of conditions includes a first condition and a second condition which is different from the first condition, and the plurality of items includes plural sets of items including a first set of items subject to the first condition and a second set of items which is

different from the first set of items and is subject to the second condition, as in the claimed invention.

Likewise, Macready does not teach or suggest this feature of the claimed invention. Indeed, Macready does not even teach or suggest an auction. Instead, Macready simply teaches a level of optimization that ranks trades with suppliers, allegedly allowing a buyer to determine the best alternative (Macready at [0002]).

That is, like Ausubel, Wellman and Hambrecht, nowhere does Macready teach or suggest that a received plurality of conditions includes a first condition and a second condition which is different from the first condition, and the plurality of items includes plural sets of items including a first set of items subject to the first condition and a second set of items which is different from the first set of items and is subject to the second condition, as in the claimed invention.

In responding to Applicant's previous traversal arguments, the Examiner alleges that Applicant's traversal arguments "are mot (*sic*) because of the following matter of law." (See Office Action dated December 28, 2010 at page 21). The Examiner then provides a three-page list of canned quotations from case law (see Office Action dated December 28, 2010 at pages 21-23). The Examiner, however, does not relate any of the case law quotes to facts of the present application, does not explain how they support the Examiner's position, does not explain how the Examiner's rejection satisfies any of the standards included in the quotes, and does not explain how any of the quotes refute Applicant's position.

Notwithstanding the above, Applicant submits that the alleged combination of references does not teach or suggest, "*wherein the plurality of conditions characterize combinations of bids from the bidder for desired items within the auction system*", as recited in exemplary claim 1 and similarly recited in exemplary claims 13 and 20.

In rejecting the claims, the Examiner concedes that the primary reference fails to teach the above feature of the claimed invention. The Examiner, however, alleges that McAfee makes up for the deficiencies of the primary reference.

Specifically, the Examiner alleges, "McAfee discloses a method wherein the constraints characterize combinations of bids from the participant for the desired items within the auction system." (See Office Action dated December 28, 2010 at page 14). Furthermore, the Examiner alleges, "[i]t would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel, Wellman, and Hambrecht with that of McAfee in order to be responsive to constraints that characterize combinations of items." (See Office Action dated December 28, 2010 at page 14).

Essentially, the Examiner is alleging that it would have been obvious to include constraints that characterize combinations of bids so that the system would be responsive to constraints that characterize combinations of bids.

This **circular reasoning** identified above is exactly the type of conclusory statements that the *KSR* holding expressly prohibits and constitutes an improper reasoning mechanism.

In general, the rejection of record fails to satisfy *KSR's* requirement that "*[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there*

must be some articulated reasoning with some rational underpinning to support the legal

conclusion of obviousness."

The rejection of record provides no more than "mere conclusory statements."

Essentially, the method of evaluation in this rejection consists of nothing more than merely:

- Identifying a missing element;

- Describing a feature purportedly inherent in this missing element; and

- Summarily alleging that obviousness results because this inherent feature of this

missing element would thereby be provided, in the abstract, by incorporating the missing

element.

Therefore, Applicant submits that these alleged references would not have been

combined and even if combined, the combination would not teach or suggest each and every

feature of the claimed invention. Therefore, Applicant respectfully requests the Examiner to

reconsider and withdraw this rejection.

C.   Claims 15 and 20

The Examiner alleges that one of ordinary skill in the art would have combined

Ausubel with Wellman, Hambrecht, McAfee and Macready, in view of Official Notice to

teach the claimed invention of claims 15 and 20.

Applicant respectfully submits, however, that claims 15 and 20 are allowable at least

based on similar reasons to those set forth above with respect to claims 1-10, 12, 13, and 25.

Therefore, Applicant respectfully requests the Examiner to reconsider and withdraw

these rejections.

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(YOR.584)

IV. FORMAL MATTERS AND CONCLUSION

In view of the foregoing, Applicant submits that claims 1, 2, 4-10, 12, 13, 15, 20, and 25, all the claims presently pending in the application, are patentably distinct over the prior art of record and are in condition for allowance. Applicant respectfully requests the Examiner to pass the above application to issue at the earliest possible time.

Should the Examiner find the application to be other than in condition for allowance, Applicant requests the Examiner to contact the undersigned at the local telephone number listed below to discuss any other changes deemed necessary in a telephonic or personal interview.

The undersigned hereby authorizes the Commissioner to charge any deficiency in fees or to credit any overpayment in fees to Assignee's Deposit Account No. 50-0510.

Respectfully Submitted,

Date: March 28, 2011

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